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MESSAGE
OF
GOVERNOR PETER NORBECK
TO THE
SIXTEENTH LEGISLATIVE ASSEMBLY
1919

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Inaugural Address

OF

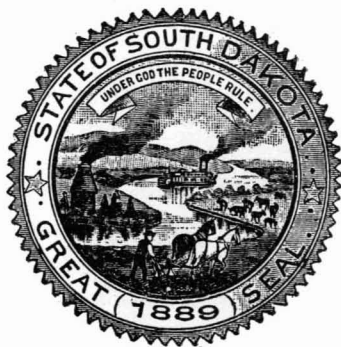
Governor Peter Norbeck

TO THE

Sixteenth Legislative Session

OF THE

State of South Dakota



EDUCATION

Educational Conditions in South Dakota

Educational conditions in South Dakota are not what they ought to be. While the State has made rapid progress in other lines, the progress in our public schools has been slow. South Dakota should have a public school system second to none in the world. The city schools of our State will compare favorably with any in the land, but we cannot point with pride to the country schools. The facilities for proper supervision of the country schools, both by county and state are very inadequate. There is a lack of team work directed to a definite end. Local activities, admirable in themselves, do not always lead up to the highest efficiency of the whole. I recommend that the present Legislature enact laws that will provide for proper supervision of all of our schools.

State Aid for Rural-Teacher Training in High Schools

One of the principal reasons for the low standard in the rural schools, is the difficulty that is experienced in obtaining a sufficient supply of trained teachers. Our Normal schools are unable to meet this demand. Almost their entire output of graduates is taken by the city schools. Parents are often reluctant to send boys and girls away from home for Normal training. I recommend that the legislature make provision for state aid to High Schools maintaining courses for the training of rural teachers; such courses to be under state supervision. This plan is in force in twenty-three states including most of our neighbors, and is meeting with a large measure of success.

State Aid for Consolidated Schools

Many States are giving state aid to consolidated country schools. This is for the purpose of equalizing educational advantages between the children growing up in the country and those in the town, and removes the necessity for their attending High School in the towns and cities far away from their home. South Dakota is behind most of her sister states in the matter of country schools and country school advantages. I therefore recommend that a law be passed providing for state aid to consolidated schools that come up to a certain prescribed standard.

Health Instruction

The War and the recent epidemic have especially emphasized the need of health instruction in our public schools. There is a growing demand for a Statute which will authorize County Commissioners and Boards of Education to employ a nurse or health instructor, and to legalize the action of many communities which have already done so. I recommend the matter to the very careful consideration of the Legislature.

State School Survey

Under the provision made by the Fifteenth Legislative Assembly, a survey of the Public Educational System of South Dakota was conducted, in co-operation with the United States Bureau of Education, under direction of Dr. Harold W. Foght. The report of this Survey, now on file, is complete and comprehensive, and based on carefully collected information and experience. It is a valuable guide for future efforts to raise the standard of our public schools, with special reference to rural school betterment, and its recommendations are worthy the careful consideration of the Legislature.

It appears to be a first essential that our State Constitution be harmonized with needed reforms and I therefore endorse the recommendations of the Survey for the submission of amendments, especially such as will remove restrictions on the offices of the State and County Superintendents of Schools, and removing the limit of four years in office for County Superintendents.

I am in favor of speeding up the work of lifting our schools onto the highest plane, and trust that the Legislature will promptly set in motion the machinery for bringing about the desired reforms.

Some Counties Not Doing Their Share

The amount of money expended for education varies a great deal with different counties and different communities. This variation is due to the amount raised by direct taxation, for all counties receive the same per capita apportionment from the interest earned on the State School Fund. The amount for 1917 was \$1,113,324.02 or \$6.22 per capita; for 1918, \$1,221,843.84 or \$6.72 per capita.

The average amount per capita raised by direct taxation in the rural districts of the State, is \$25.47 based upon the number of children of school age. Stanley County heads the list with \$60.08; Haakon comes next with \$58.67.

Aside from the Counties settled mainly by Indians, who are wards of the Government, and where Government Schools are maintained without local taxation or State Aid, Hutchinson County is the lowest, with a per capita tax of \$11.54, per child of school age, notwithstanding it is one of the most prosperous counties in the State as shown by assessment records. McPherson County raises per capital \$14.77. The average tax levy for the State for school purposes in the rural districts is 7.43 mills. In Hutchinson County it is 1.10 mills; in McPherson County 1.8 mills; several districts levy no school tax whatever and expend only what is received from the state apportionment, so it would be fair to say that these counties contribute the least to the cause of education

in the country districts of any counties in South Dakota. City schools and independent districts are not included in these figures, but the showing of these two counties in this respect is not any better. They are also the two lowest counties as to percentage of children of school age enrolled in school; but what is even worse, the average daily attendance is low, even when compared to the enrollment, being considerably less than 50 per cent of the school census. These two counties are striking examples but there are others where conditions leave much to be desired.

We now have a compulsory educational law but its enforcement has been lax. In many communities where local sentiment is against attending the American public school, county authorities have made no effort to enforce it. The Special Session of the Legislature passed a law compelling the teaching of the English language in both public and parochial schools; this was certainly a long step forward, but something more should be done.

The distribution of the earnings of the Public School Fund, should be based upon actual attendance instead of upon the number of children of school age, many of whom do not attend the public School at all. It is astonishing that many born in South Dakota have grown to manhood without receiving any education in the English language. This condition must be remedied.

It is necessary to change our constitution before the distribution can be made upon the basis of attendance, but I recommend to this Legislature, that it submit an amendment towards that end.

The Anti-American spirit shown in German Communities such as constitute a large part of Hutchinson County is more due to lack of education than anything else. If the children growing up learn our language and our history, they will better understand the ideals of our country, and if another conflict comes on, they will not take sides with the enemy. It is better to instill patriotism into the hearts of the young people by proper education than to be obliged in troublous times, to resort to oppressive measures against the use of a foreign language. In fact, we should not discourage the learning of foreign languages at home nor in our higher educational institutions. The time is coming when a knowledge of Spanish will become almost a commercial necessity, if we are to maintain satisfactory relations with the countries of Mexico, Central and South America, and various island peoples within our trade influence.

It must be borne in mind that there are many patriotic people in Hutchinson County. The number of those who are sending their children to school, even to higher institutions of learning, is steadily increasing, but they constitute a far too small proportion of the population of that county.

It is a well known fact that representatives of this county who come to the legislature find it necessary under pressure of their home sentiment, to vote against appropriations for our state institutions.

The events of the past two years have clearly shown that the state is vitally interested in the matter of education. One county cannot lag behind without impairing the educational efficiency of the whole state. The connection between the American Public School and Patriotism has been demonstrated beyond a doubt, and it is the duty of the state as far as lies in its power to see that the Public School is properly supported in all sections within its boundaries. The welfare of South Dakota is dependent upon the proper education and Americanization of all its people.

SCHOOL TEXT BOOKS

The state owes to the children residing within its borders the best obtainable education so as to properly prepare them for the duties of citizenship and to better equip them for the struggle incident to human life. To this end we must have good, first class text books of the highest quality. These school books should be uniform and furnished to the pupils free.

I believe there should be a state adoption, that is, a State Board should be provided to make a selection and purchase the entire supply for the state, distributing it to the different counties or school districts without profit.

WATER POWER DEVELOPMENT

The constitutional amendment adopted at the last election permits the state to engage in the water power development enterprise. This is a subject of great importance. With our high prices for fuel, power is very expensive. The demand for cheap power is increasing rapidly. Thanks to the research work of Doane Robinson, and investigations already made by the State Engineer, we have considerable information bearing on this question. The plan appears entirely feasible, and there should be no delay in taking the necessary preliminary steps.

This will require a survey of the Missouri River at all points in the state where promising sites are located and the preparation of complete construction plans for one or two of the most favored sites.

I recommend the creation of a Board for this purpose; but, inasmuch as nearly all of the work must be done by paid engineers—and it will require very little time on the part of the Board—I suggest that an ex-Officio Board, composed of state officers, serv-

ing without additional salary, is the proper method of handling this work.

It will probably take a year or more to get this work done, and I recommend an appropriation of \$50,000.00 to be made immediately available for this purpose. This survey should give us sufficient information to enable us to determine quite accurately as to its practicability. Bonds can then be authorized by the next session of the legislature; or, the question of bond issue can then be submitted to the voters for their approval. It is likely that it will require an expenditure of somewhere from three to twelve million dollars for the dam and the transmission lines. As this expenditure is likely to be so large, and the responsibility for the success of the undertaking so very great—the latter plan would undoubtedly be the most proper.

STATE CEMENT PLANT

The constitution has now been changed so that the State may engage in the manufacture of cement. This is an expensive and much needed commodity in this State. Arbitrary prices are being charged, and the long freight haul on cement from eastern factories adds a great deal to the factory price. The consumption of cement in South Dakota is nearly half a million barrels annually. The use of cement is increasing rapidly. Large quantities will, in the near future, be used for bridges, paving and highways, as well as buildings.

We have the material in abundance along the Missouri River from the Crow Creek Agency to Yankton. The railroad touches these deposits at Yankton, Running Water and Chamberlain. There are also large deposits in the Black Hills, near the railroads.

No provisions were made by the last legislature for investigating this subject, as there was much uncertainty as to the amendment being adopted; but, I have—during the last month—gathered considerable information on this subject, which I wish to present to the legislative committee that will have this matter in charge; but much additional information is necessary before the question can be passed upon intelligently.

Among the large items of expense will be the cost of fuel and power. If our proposed water power plants were completed—we would, at least, have cheap power in abundance, which would effect a material saving.

The purpose to be accomplished is to secure cheaper cement. If a practical plan can be worked out, it will certainly result in cheapening this commodity, for we would at least establish a competitive market. If we can get that,—we could even afford to

have an idle factory. Diligent investigation must be continued during the session, for the purpose of working out a practical plan. If as I believe this investigation will show the undertaking feasible, I recommend that a proper appropriation be made, and a law be passed providing for a commission with full power to establish and operate the plant.

STATE HAIL INSURANCE

I recommended to the 1917 Session of the Legislature that an amendment to the constitution be submitted to the voters, permitting the State to go into hail insurance business. This was done and it was approved by a large majority at the last election.

I recommend that existing political machinery be used; that assessors gather and report the data as to crop on each tract of land; that the county officers tabulate the same; that the county treasurers collect the premium with the other taxes, which premium should be a lien on the land, as well as on the crop. We would get away from the cost of soliciting agents and an expensive advertising campaigns as well as the cost of collection, which are large expense items with the insurance companies doing hail business. Practically all of these expenses would be saved by State Hail Insurance.

Material facts gathered by our State Insurance Department point the way to a successful plan.

While it is reasonable that the larger part of this money be apportioned upon the acreage of growing crops, it would not be unreasonable to also levy a land tax for the benefit of this fund. By this method, speculators, who hold land in idleness, would contribute something to the general development and prosperity of our state.

I suggest that an optional feature be inserted in the law, whereby any township may, at its annual meeting in March, vote to exempt themselves from the operation of the Hail Insurance Law.

Experience in the hail insurance business shows that the rate of losses is not the same in all sections of the state; and, therefore, a uniform charge for insurance would not be just. District or zone rates should be established, based upon the experience tables available.

The law should be administered by the State Insurance Commissioner, who should be given authority to appoint deputies and other necessary -assistants. A reasonable appropriation should be made, and provisions for securing the necessary funds to pay losses as promptly as possible must not be overlooked.

CHEAPER FUEL

The constitution, as now amended, permits the state to engage in mining and selling coal.

The last legislature which submitted this question to the voters, also provided for a special investigating committee.

President O'Hara, of the State School of Mines, is chairman of the committee which has accumulated a great deal of information that will be submitted to this session of the legislature.

While the report of the committee has not yet been completed, I believe it will show that there is an abundance of good lignite coal deposits within easy reach of a railroad, west of Mobridge, in both North and South Dakota. Many small mines are operating successfully; but, owing to the limited capital available, are working on a very small scale; so we will have to depend largely upon eastern coal for many years to come, unless the state should engage in this undertaking on a somewhat larger scale.

I commend the report of the committee to your most careful consideration. I believe it will point the way to some substantial relief.

In my opinion it is entirely proper and practical for the state to engage in this enterprise, not on the theory that the state can operate a coal mine more economically than under private management, but that relief cannot at this time be secured by any other method. It is good business judgment to make the necessary appropriation to engage in this business. This project should be handled by a commission, appointed by the governor, clothed with authority to acquire land by purchase or condemnation. I believe that if sufficient funds are provided, and the venture undertaken on a large scale, a material saving would result to our people.

Aside from furnishing coal to many of our citizens, a competitive price would be established on this commodity and this would very materially affect the general level of prices for coal in this state.

If competition results in establishing low prices on coal, it might not be profitable to remain in the business.

A few years ago Illinois coal was sold at the mines at 10c per ton profit to the coal operators. If a condition like that could be brought about in this section of the country, we would have accomplished our purpose, and have effected a saving to our people of many times the money invested.

TAXATION

Taxation is as old as civilization. Experiments have been tried but none have been quite satisfactory. Money must be raised and somebody has to pay it.

The aim of governments has been to raise the necessary

money with the least hardship: in other words, to distribute the burden justly and this means placing the heaviest load upon those able to bear it. Any plan adopted must be honest and fair, or it will not endure-no one must be taxed to death. The amendment is sufficiently liberal and for the first time since the adoption of our constitution twenty-nine years ago the legislature is given almost a free hand in the matter of taxation.

For the purpose of encouraging settlement and development I recommend that a lesser tax burden be placed upon improvements than heretofore. This, of course, means a heavier burden upon land but will result in a better distribution.

The speculator in land values who does nothing to develop the country and who has heretofore paid less than his proper portion will then come in for a greater share. I suggest that buildings occupied by owners exclusively for residence purposes both in the town and in the country be put in a preferred class. I think it would be entirely proper to exempt all homes to the value of Two Thousand Dollars.

It may be proper to exempt homes from taxation regardless of value, but we are starting on a new plan and it is well to go slow at first. Certainly a two thousand dollar exemption will be of material help to men of small means, and will encourage home builders.

I further recommend that the law provide that all other buildings be placed in a separate class and assessed at only seventy-five per cent of their actual value.

I would recommend further exemption on this class of property, but it may at this time jeopardize the financial conditions of some cities, towns and school districts. If the plan works as well as expected, it may be possible for the next legislature to make further exemptions.

Moneys and credits have, heretofore, largely escaped taxation. I recommend that a recording tax be placed upon all mortgages, and that a three mill levy be applied to all other moneys and credits. Under our constitution, as amended, it will be possible to enforce the collection of this tax. It should bring an annual revenue of several hundred thousand dollars.

I further recommend an exemption of \$500.00 for tools of trade.

SALE OF SCHOOL AND PUBLIC LANDS

Under the Amendment adopted, it is now possible for the Legislature to provide easier terms of payment to purchasers of school and public land. A law carrying the thirty-year-payment plan into effect should be enacted at the early part of this ses-

sion, with an emergency clause, so that the State Land Department will not be hampered by uncertainty in advertising the public lands for the spring sales.

Every preference possible should be given to the settler and home-builder, as against the speculator. No bidders should be excluded, but favored terms of payment may be granted to those who settle upon the land and materially improve same. For instance, after having made their initial payment of 10 per cent, they might have three years without any further payment on the principal; providing, of course, that they continued to reside on the land and to improve the same. At the end of the three year period, they could commence paying the whole sum on a twenty-seven year amortization plan.

The State, of course, should give no patent to these lands until a substantial part of the purchase price has been paid.

SOLDIERS' LAND BUREAU

Some plans should be devised for aiding returning soldiers in obtaining farms.

I recommend that a Bureau be established in connection with the Rural Credit Board to assist the soldiers in formulating plans for obtaining homes, under some arrangement whereby the state gives all financial assistance consistent with a safe policy, both as to purchase of land and the improvement of the same. The state might purchase and improve suitable lands and offer them for sale to soldiers on favorable terms.

Favorable terms of payment should also be granted to soldiers buying state land.

It will be impossible to buy a farm for every soldier. They are not all farmers, however, nor will they all wish to engage in farming. Assistance may safely be extended to those who have had practical experience in farm life, and to those who because of their industry, frugality and steadfastness of purpose, are equipped to make a success of the undertaking.

It would be an unkindness to encourage those who are not properly qualified or who, for any reason, could not win out, to subscribe to an indebtedness which they could not lift.

STATE OWNED PACKING HOUSES, FLOUR MILLS AND TERMINAL ELEVATORS

Among the many amendments submitted by the last legislature was one permitting the state to engage in building and operating packing houses, flouring mills and terminal elevators. While many people voted for this simply because they believed these re-

strictions should properly be removed from the constitution it must not be overlooked that the large vote cast represented a belief that it would be proper and beneficial for the state to engage in some one or more of the matters covered in this amendment.

I suggest that you do not treat this matter lightly, but give it serious and careful consideration with a view to working out practical plans.

Where there is a probability of success and the expense of the undertaking is not large, appropriations should be made for the purpose. You should keep in mind that you are custodians of the tax-payers money, and if you find the expenditure to be very large, or you are fearful of the success of the undertaking, you should take the people into your confidence by submitting the question for their approval, as to a bond issue. I believe there are flour mills that can be leased on easy terms, and one or two years' actual experience should point the way for future action.

The Investigation Committee provided for at the last session has not submitted its final report but has accumulated much valuable information. All further information possible should be secured, hearings should be held, by the legislative committee that will have this matter in charge. This is necessary for intelligent action. The people should be invited to the hearing; special invitations should be extended to farmers and other organizations; a full opportunity to be heard should be given every South Dakota citizen interested in this subject.

STOCK YARDS

The recent investigation of the meat packing industry developed the fact that private ownership of stockyards works to the disadvantage of both the shipper and the buyer. The stockyards might fairly be called a depot or a warehouse. These should be owned by the public or at least controlled by suitable regulations under government supervision.

In substantiation of my statements in this connection I might quote from the report of the Federal Trades Commission under date of July 3, 1918, which is as follows:

“As we have followed these five great corporations through their amazing and devious ramifications, followed them thru important branches of industry, of commerce, and of finance, we have been able to trace back to its source the great power which has made possible this growth. We have found that it is not so much the means of production and preparation, not the sheer momentum of great wealth, but the advantage which is

“obtained thru a monopolistic control of the market places.

“If these five great concerns owned no packing plants and killed no live stock, and still retained control of the instruments of transportation, of market and storage, their position would not be less strong than it is. The producer of live stock is at the mercy of these five companies because they control the market and the marketing facilities, and to some extent, the rolling stock which transports the products to the market. The stock yards are the depot markets thru which practically all animals which move in interstate commerce pass ownership, partial or complete, is not only a source of great profit, but afford a fundamental business advantage.

“The packers' power is increased by the fact that they control all the facilities thru which live stock is sold to themselves; control of stockyards comprehends control of livestock exchange buildings where commission men have their offices, control of assignment of pens to commission firms, control of banks and cattle loan companies, control of terminal and switching facilities, control of yardage services and charges, control of weighing facilities, control of the disposition of dead animals, and other profitable yard monopolies. Packer-owned stockyards give these interests access to confidential shipping information which is used to the disadvantage of shippers who have attempted to forward their live stock to a second market.

The meat packing industry is just being established in South Dakota. There are two packing plants at Sioux Falls, and one at Watertown in successful operation. A movement is on foot to establish another packing plant at Huron and approximately \$1,000,000.00 has been raised by the sale of stock most of which is owned by farmers.

If the state engages in the project of owning and operating a stockyard, it would be well to bear in mind that it is not advocated on the theory that there would be a profit as the result of its operations, but on the contrary that the enterprise was engaged in for the purpose of protecting our citizens engaged in the raising of live stock.

Large sums of money are wasted in our marketing of live stock by shipping stockers and feeders to outside markets where they are purchased by our people and reshipped into this state. Much saving could, I believe, be made by establishing and maintaining stockyards within our own state. I therefore recommend that the necessary laws be enacted and adequate appropriations be

made available to build and equip stockyards under the direction and control of the State Board of Agriculture or Market Deputy.

RURAL CREDIT DEPARTMENT

This new department was established at the last regular session of the legislature. It was a difficult time to get it started on account of war conditions. Money was scarce, and interest rates were higher than usual. Numerous constitutional questions having been raised, it took considerable time to establish the legality of the law. Our bonds could not be sold until the courts had passed fully on every question that had been raised. The law was sustained by the supreme court.

While the plan has been in operation only fourteen months, a phenomenal amount of business has been done. The volume of business has far exceeded our expectations. Nearly six million dollars in loans have been closed.

The following is a summary of the business up to December 31st, 1918:

2983	Applications have been received amounting to.....	\$11,502,389
1544	Loans closed.....	5,524,250
642	Loans approved, ready for closing.....	2,352,400
384	Applications, awaiting approval of Board.....	1,301,480
413	Cancelled or withdrawn.....	1,396,295
	Reductions in amounts in loans closed and approved.....	927,964

This law, passed during a most critical war period, furnished money at low rates of interest to a very large number of farmers who could not, in many instances, have obtained loans through the usual loan channels. This money has gone into practically every county in the state.

At the time of the passage of this law, it was thought by many that its operation would be confined quite largely to that part of the state west of the Missouri River; but the records of the board disclose that the farmers quite generally throughout the state have availed themselves of the opportunity to obtain loans at low rates of interest on thirty years time through this department.

Owing to the fact that the business has been so much greater than anticipated, and on account of conditions of the money market, it will be necessary to enlarge the working fund, for which an appropriation of \$200,000.00 was made at the last session, by making an immediate additional appropriation of \$100,000.00.

South Dakota is the only state in the union having a rural credit law in successful operation. The expectations of the most

ardent advocates of the law are being realized, and the department is only in its infancy. I feel safe in saying that no single act of legislation in this state has been more beneficial in its general results in promoting state development.

HIGHWAY DEPARTMENT

This department really dates from the last session of the legislature, which made the first appropriation and passed the law which made it possible for the department to accomplish something. The money available from Federal Aid, was \$243,000; this, together with the \$250,000 appropriation made by the state was allotted to the different counties, except such part as was used for the expenses of the department. The federal department requires much technical survey work which, in the opinion of the South Dakota Highway Department, is not necessary for prairie roads. This has necessitated the employment of several engineers to do the surveying, and a large force of office men to get out drawings and blue prints. The roads when completed are very good but the amount of money spent for survey and office work is much larger for Federal Aid roads than where only state requirements are met. However, there is no way to avoid it, for if we are to get the Federal Aid, we must comply with the Federal department's demands.

A table for the allotment of Federal Aid to the different counties was worked out upon a plan taking into consideration the entire Federal Aid appropriation coming to South Dakota during the five year period. The state department intended to start the road work in the eastern part of the state, working west; but, it was found that some of the counties were not ready to make use of this money. The department, therefore, allowed any county to come in that applied and was ready to make use of the money. It amounts to the same thing; for, in the end, each county will get its proportionate share. The apportionment of this money between the counties was based on two factors, assessed valuation and area, so as to distribute the money fairly throughout the different sections of the state. The Federal Government was liberal to the newly settled part of the country, in the apportionment of Federal Aid between the states. Had they used assessed value as a single factor most of the money would have gone to a few of the eastern states. It is only fair that South Dakota follow the same plan; for, otherwise, the bulk of the money would be spent in a few of the rich counties. This would not result in a system of highways necessary for travel.

I look upon the limitation placed upon the money appropriation by the state as unfair; as, under these restrictions most of

the money has to be spent in the counties of the highest assessed value, to the detriment of any highway system crossing the state.

The Budget Committee has only recommended an appropriation on the same basis as provided by the last legislature, (equal to the Federal Aid) for a two year period. They did this because they believed they did not have any authority to outline a policy, which is properly the work of the legislature.

In my opinion a much larger appropriation should be made. In fact, I think we have reached a time where the people desire a great deal of road building to be inaugurated. It's a matter of economy. If properly expended, we will get two dollars benefit for every dollar spent.

The state of Illinois has recently authorized a bond issue of \$60,000,000.00 for the construction of a state wide system hard surface roads. Concrete highways are to be built and the money derived from the sale of automobile licenses is to be set aside to pay these bonds.

If the South Dakota Automobile License Law were changed to a higher tax and graduated according to the size of the car, an income would be derived of \$800,000.00 annually. This would amortize and pay a very large bond issue in ten years. It would make a large sum available for immediate construction, and would make road work on a larger scale possible. We might follow the example of Illinois and provide for a bond issue to be paid from this income. We would then have funds for immediate use.

I recommend that a graduated automobile license tax law be passed providing for a tax of about \$7.00 on twenty horse power cars and graduated to \$25.00 for fifty horse power cars. This would be about the same as the Illinois law.

While our labor situation has been acute the last two years and very little relief has yet been secured, on account of the delay in demobilizing, the condition is sure to be reversed within the next six months; and, certainly, South Dakota must not say to any of its returning soldiers who are willing to work that there are no jobs for them. Construction work on a large scale should be undertaken so as to start when abundant labor is available at a fair wage.

I am convinced that most of the road should be built by the counties rather than by the state. Experience in other states has shown the necessity for the employment by the counties of highway engineers to plan and supervise the construction work. In many cases two or more counties can join in the employment of an engineer. In this way many mistakes would be avoided and a large saving made.

I am of the opinion that the plan adopted by the Highway Department should be continued and that Federal Aid should be

accepted, and the necessary conditions met. I am likewise of the opinion that an appropriation should be made for proportionate distribution to counties where the counties provide a like amount of funds.

I also recommend that a state highway system of roads be adopted. These roads should cross the state both north and south as well as east and west and they should be constructed and maintained by the State Highway Department. A plan might be worked out and construction work commenced on a system that would in ten years connect every county seat with such a state road.

The first step in road building is a good grade with sufficient culvert and bridges; then there should be a gravel surface and when the traffic demands it there should be a hard surface.

It will be impossible to construct a system of state roads in a few years but a plan should be laid out and construction work carried on from year to year according to our needs and our available funds.

If good roads effect a saving in tires and gasoline to the amount of ten dollars per year for each automobile we have reached that point in our development where roads will pay. Then, why not have them!!

WORKMEN'S COMPENSATION LAW

South Dakota took a real step forward when the Legislature of two years ago enacted the "Workmen's Compensation Law." The department has been handled in an efficient manner, and the law has brought relief to hundreds of families which would otherwise have been in distress. Twenty of these are fatalities. In nineteen of these, the cases have been settled by the payment of the compensation under the provisions of the law. In only one instance and that a case where the dependents were residents of Greece, was it impossible to close up the case promptly, which is quite a contrast to the old conditions when these matters would have dragged along in courts for years. Under this plan the widow of the deceased gets three thousand dollars in monthly payments. The important thing is, she gets the money instead of a law suit.

It was well recognized by the legislature two years ago that this law was not perfect; that we were only making a beginning, and it was believed then that experience might show weaknesses in our system. These have appeared.

The law exempts farm labor, but the Commissioner has held that threshing machines are not exempt. Courts of different states divide on this question; therefore, the law should be made specific by including this class.

Under the present law insurance is not compulsory because there is really no penalty for failure to insure; and all that can be recovered in such cases is a judgment which sometimes is of no value to the dependents. The state of California has recently amended its law so as to make the insurance compulsory. Certainly it would not cause any serious hardship on the employer; in fact, he doesn't object to it when he knows the real situation for he would be protected against damage claims. He simply neglects to take out the insurance for the benefit of the workman and there is no penalty for such neglect. The law should, therefore, be changed.

I am glad to note that only in exceptional cases has the purpose of the law been defeated by failure to insure.

I recommend that the benefits be somewhat enlarged to equal those prevailing in Minnesota; that the \$12.00 maximum limit for weekly benefits in case of injury be removed; and, instead, provide that the benefits shall be at least one-half of the weekly earnings. The two weeks waiting time before benefits are paid is rather a long period and this should be cut down to one week. The services of an attorney are seldom required but the law should be amended so that the injured workman or his dependents may have the free legal advice and services of the states attorney in the matter of collecting compensation.

MARKET DEPARTMENT

The money spent in this department has already returned many fold but its work has just commenced. For the first time we have a state officer whose business it is to protect the man who cannot protect himself against unfair market conditions.

The department believes that it should have a representative at one or more of the live stock centers to give aid and advice to South Dakota shippers and buyers. I believe this would bring practical results.

BUDGET BOARD

This Budget Board created by an act of the last legislature has done diligent and conscientious work. I regret that owing to sickness and the press of other matters, I missed so many of their meetings.

While the total sum of the budget is larger than previous appropriations, it has been pared to a minimum, in fact, many departments and institutions will lack adequate funds for doing all the work that they should do.

Expenses have increased in state departments and in state institutions, just the same as in private and in commercial life.

Much of the help has gone into various branches of the government service where they receive much larger pay than they did from the state.

It must not be expected that the report of the Budget Board is infallible or free from errors, but you will find it a very safe guide on matters that are covered in the budget and there should be no variation except for good reasons. You will find that the amounts recommended permit of some increase in the salaries in state institutions and some of the state departments ; in other cases, the salaries of different officers and employees are already fixed by law. In a few instances of this kind the board has recommended an increase in salary to conform with increases in other departments and institutions. The laws, as originally enacted, were made to meet conditions as they existed at that time. However, the power to change the law lies with you.

While you may find some recommendations of the Budget Board that do not conform to what you think are proper sums, remember that the Board made a special study of these matters before they made their report.

If you believe the state should branch out into other and greater work, such as highway building, power development, coal mining and other activities, you must make provisions for the necessary funds. If you believe the State Sheriff should be given a larger force, so as to bring about better law enforcement, the money must be appropriated, in addition to the budget recommendations. If you believe the Immigration Department should enlarge its work, as for instance, along the line of really becoming a labor bureau as was done in the emergency we have just gone through, then additional funds will be needed for this -department.

STATE SHERIFF

The creation of the office of State Sheriff for the enforcement of the laws of this state and particularly of the prohibition law was the part of wisdom, and a very commendable record has been made. As a rule local officials do not relish the idea of having the State Sheriff or his deputies visit their respective communities for the purpose of enforcing the law, and the result has been that these local officers have been prompted to greater effort in law enforcement.

It is the thought of the State Sheriff, as outlined in his report, that the practice on the part of the States Attorney of permitting persons accused to plead guilty to minor offenses and on the part of the Courts in suspending sentences, has interfered to some extent in attaining the object for which the department was created.

I suggest, therefore, that the recommendations which the State Sheriff as made in his report receive your careful consider-

ation, and that such changes and alterations be made in the statute as, in your judgement, will promote the efficiency of this department in the enforcement of the laws of this state.

PERMANENT STATE PARK

Sometimes to states, as well as individuals, come peculiar opportunities which may be grasped to great and permanent advantage, or be allowed to slip away forever. It is a matter of rare good fortune that the state owns in Custer County a large body of land, commonly called the State Forest, or State Game Park. It is not in fact a State Park, being school land subject to sale at any time; and unless some action is taken it may within a few years pass into private hands.

The area is about eight by twelve miles in extent and is enclosed with an eight foot woven wire fence, forty miles long. It ranges from low hills in the eastern part to high and rugged mountains in the western part, with majestic peaks which rise to an elevation of five or six thousand feet and overlook the surrounding country as far as the eye can reach. Near key is Custer and Sylvan Lake. A few miles to the north rises Harney Peak, surpassing in height and grandeur any mountain in the United States east of the Rocky Mountains. A few miles to the south is the great natural wonder the Wind Cave and the summer resort of Hot Springs.

Here, ready to our hand, is a beautiful natural park, in part heavily timbered, already fenced as a game preserve. The locality is famous for its many mountain streams in which trout abound. It contained a herd of about 250 elk, the original stock of which were transported from Yellowstone Park. There are also numerous deer, small herds of buffalo and antelope and a colony of beaver.

The land was given by the Federal government as "Lieu Lands," in place of school sections which, for certain reasons, could not be delivered. It presents the peculiar opportunity which must be grasped promptly, if at all to create a permanent State Park, a place of scenic grandeur, an ideal recreation spot, and a home for the preservation of the fast disappearing wild animal life of the state.

I recommend that a permanent State Park be created, under the supervision of a Park Board, appointed by the governor without salary, to have entire control of the park. An annual appropriation should be provided which will in the course of ten or twenty years, reimburse the school fund and preserve this place of natural beauty for the use and benefit of the people of this state. The taking over this land would not really be an expense to the state; the people of the state own it now; they would own it after-

wards. It is merely a question of transferring the land from one department to another. The appraisal would be made by the regular Land Appraising Board.

This park would be a source of great income. The revenue to the state treasury from the sale of timber should amount approximately to the appraised value of the land.

So far, it is a State Park in name only, and in danger of slipping out of our hands. It may easily and with little expense be made into an enduring monument of use and beauty for the enjoyment of this and succeeding generations.

CAPITOL BUILDING

It was thought ten years ago that the State Capitol building was sufficient for our needs during this generation. It is entirely too small at this time. The rooms intended for the legislature and its various committees have, during the past year, been used for office purposes. Two departments are also located in the main corridor. It will be necessary for committees to hold their meetings at the hotels, and other places in town, during this session.

With the adoption of the constitutional amendments and greater activities on the part of the state, the number of employees will greatly increase.

Provision must be made for rooms for the Rural Credit Department, which will soon, at the rate the business is increasing, have forty or fifty employees.

Much larger quarters must be secured for the Insurance Department, in order to take care of the State Hail Insurance.

The Highway Department must have other and larger quarters before Spring; the need is urgent for more room. This can be secured only by renting scattered and undesirable buildings down town that are not fire-proof, or by making immediate arrangement for enlarging the capitol building.

It becomes increasingly apparent that all State Departments should be at the seat of government, in order to obtain the necessary co-operation and the greatest efficiency. The Board of Health is located at Waubay, the Military Department at Redfield, and the Pure Food Department at Vermillion. I am convinced that it would be a matter of economy for the State Board of Regents, as well as the State Board of Charities, to have offices at the capitol and have representatives in charge of the offices; these Boards would then have permanent offices and would be in touch with the institutions, the Governor and other state departments and through which they transact business.

There would then be co-operation between all Boards and

State Departments, in the matter of purchasing supplies, which would result in much saving.

I regret that it is impossible, at this time, to, move all these departments to the capitol on account of the lack of quarters.

UNIFORM LAWS

This is a subject of great importance. Annual conferences have been held at which representatives from most of the states attended. The object of these conferences is to secure the adoption by the several states of uniform laws which are for the better interests of the people of all the states on subjects as to which there should be uniformity, viz: commercial paper, warehouse receipts, conditional sale of personal property, marriage and divorce, inheritance taxes, age of consent, descent of real property, work-mans' compensation law, etc.

South Dakota has been represented at these conferences for the last twelve years, the governor having appointed delegates who have attended at their own expense. There should be legal authority for the appointment of these delegates and their expenses should be paid by the state.

COUNCIL OF DEFENSE

The South Dakota Council of Defense has filed with me an itemized statement of the money it has spent, and a detailed report of some of its principal activities to which general publicity has been given through its official bulletin and the general press.

The Council's activities, as carried out in harmony with their parent organization at Washington, D. C., has resulted in this state being recognized by the National Council as one of the five states of the union which is 100 per cent perfect in results obtained during the entire period of the late war.

This is a showing of which South Dakota may well be proud; but, to obtain such results, our Council recognizes the fact that the credit for the work performed is in a large measure due to the personal enthusiasm and untiring efforts of its County Councils, representing a membership of over 2,500 faithful men. These were supported by the 8,000 Home Guards, ever ready to perform needed duty.

And, with these forces, were the women of every township, town or city, giving aid in every financial drive, sparing no effort to increase results in Red Cross and other philanthropic endeavor; and, in reality, taking the initiative in the food saving problem. Let to men alone, tardy would have been the response to Mr. Hoover's appeal, eloquent though it was.

While the members of both State and County Councils did splendidly, at great sacrifice, special credit is due Honorable C. H. Anderson, Vice-President, and Honorable George W. Wright, Secretary. Upon these two men fell most of the executive work. Their ability is well recognized, and they gave their time freely, and without compensation.

OLD SOLDIERS

The appropriation made at the last session for the relief of old soldiers who are not at the Soldiers' Home, was not only a patriotic and humane act, but it was also good business judgment, for it has relieved the threatened overcrowding of the home.

The Budget Committee has wisely complied with the request of the Board of Managers of the Soldiers' Home, and is recommending to the legislature an increased appropriation for this purpose.

STATE INSTITUTIONS

Largely increased appropriations are again requested to take care of the wards of the state. This is an expenditure on which we should not and must not stint. The Budget Committee has recommended the purchase of land at several of the institutions; and, while this will require money, it is deemed the part of wisdom to purchase the land while it is available.

There is an urgent demand for additional room to take care of the ever increasing number of patients at the Insane Asylum, the School and Home for Feeble Minded, and the Tuberculosis Sanitorium. The Yankton asylum will, in a few years, be overcrowded. A substantial appropriation should be made to commence work on the grounds at the Watertown location.

Buildings are also asked for, and needed, at other institutions. While the conditions at the educational institutions are not so acute, some of them need additional buildings at an early date.

These requests I commend to your careful consideration.

STATE BONDING FUND

I recommend that a state bonding fund be established for the purpose of bonding state and county officers; thereby saving a considerable part of the money now paid out in premiums to bonding companies.

This business could be handled by the state insurance commissioner without much additional expense. A revolving, or working fund should be created by the necessary appropriation.

CUSTER SANATORIUM

Our law should be amended so as to admit soldiers to the Custer Sanatorium, at state expense, upon recommendations of the county and state board of health.

HUMANE OFFICER

I renew my recommendation for a state Humane Officer. Other states find such an officer of great value in looking after dependent and neglected children and in assisting in placing in our state schools for the blind and deaf our afflicted young. This officer might also be of great service as acting parole officer for the State Training School, working in connection with the authorities of that institution.

RICHARDS PRIMARY LAW

The voters, at the last election, adopted the Richards Primary Law, under the "initiative and referendum" provisions of our state constitution. The Richards Law, adopted by the voters six years ago, repealed after a trial of two years, was so impractical and expensive and became so very unpopular that political parties incorporated pledges in their platform for the repeal of the law. The members elected to the legislature kept these pledges and repealed the law.

The author, thereupon, brought out another Richards Primary Law, which was voted on two years ago, but failed to receive the approval of the voters who, by their refusal, sustained the action of the legislature.

The three different primary laws drafted and advocated by Mr. Richards are not alike and I think the one recently adopted is in some respects an improvement upon the two previous ones.

There are, however, two features in this law that are contrary to our American idea of government and are in conflict with the provisions of our state constitution. One is an attempt to tie the hands of the governor so that in the matter of making appointments he has no responsibility. In fact the intent of the law is to transfer the whole appointive power to committees of the political party in power. I feel certain that our people do not believe that the selection of the Board of Regents, having charge of our educational institutions, should be placed in the hands of political committees selected by a small minority of the voters, mainly for the purpose of conducting party campaigns. Nor do I believe that it would meet with the approval of our people to have men for other responsible positions in the state, such as members of the Rural

Credits Board, and the board having charge of the banks, and heads of other important departments or institutions selected by this method.

Another provision in the law that seems to me entirely unsound is the one regulating debates between candidates for office. Under this law, it may become necessary for a candidate for governor to appear in public in joint debate, and speak against a measure of which he has, during his whole life been an ardent advocate, and of which he is a recognized state-wide champion, simply and solely because his opponent, by the filing of a "paramount issue" a few minutes earlier, has in that way officially appropriated it as his own and thereby compelled his opponent to appear with him in public debate and take the negative side of the question. In that way a person running for the office of governor, who is a prohibitionist, might be compelled in joint debate, to become an advocate of the public saloon. A person believing in Sunday closing laws might have to speak against his belief. A man advocating and believing in a system of state rural credits, and being a candidate for governor, might be, compelled to stand before his constituents, advocating a return to the old system.

While I believe the law is, in many respects, impractical and ridiculous, it was adopted by the voters and, therefore, the legislature should not repeal it without giving it a fair trial.

AUDITING ACCOUNTS

Practically all funds, both state and federal, used to maintain state institutions and departments, are audited by the State Auditor and paid by state warrant.

I recommend that our present laws be amended so as to apply the same rule to the vouchers to be paid out of the Adams, Hatch and Morrell funds. While these funds come to us as federal aid to the agricultural college, it is only business like to handle them the same as other funds.

I also recommend that a better system of checking be applied to the Session Law Fund. At the present time it is very difficult to secure correct accounting from the different counties and consequently losses result.

Most of the money accumulated in the automobile License Fund should be transferred to the State Highway Fund, about \$25,000.00.

The Executive Accountant recommends that the Printing Commissioner revise the reports of all state departments, for the purpose of eliminating duplication of matter that appears in the

State Auditor's and State Treasurer's reports. The law should be so changed as to bring this about.

Nearly every business institution that pays out large amounts of money in freight charges has its freight bills checked by rate clerks. I believe this to be a wise plan for a brief investigation has disclosed that mistakes frequently occur and overcharges result. If the freight bills are not checked these overcharges are borne by the state. The Board of Railroad Commissioners maintains an efficient rate department and, in my opinion, all freight bills paid by the state should be checked by that Department and refunds obtained for overcharges made. If all state departments were located at Pierre there would be no inconvenience in having their freight bills checked in this way but in any event the bills should be checked.

These suggestions and recommendations I leave in your hands, confident that no message was ever delivered to a more representative body of South Dakota citizens, and feeling that the interests of our beloved state will be guarded well by you. As a parting word let me give you "A South Dakotan's Creed," as written by our State Superintendent of Schools

A SOUTH DAKOTAN'S CREED

"I believe in South Dakota, in the fertility of her
"soil, the warmth of her sunshine, and the nurturing
"tenderness of her winter snows; I believe in the simple
"beauty of her rolling prairies and the more pretentious
"splendor of her western hills. I believe in her govern-
"ment, and in her institutions of home and church and
"school. I believe in the sturdy, intelligent manhood of
"her sons, and the chaste womanhood of her daughters;
"the hundred-per-cent Americanism of her whole people.
"I believe that under the skies of South Dakota will con-
"tinue to grow and prosper an intelligent, patriotic and
"God-fearing people amply able to work out and solve the
"perplexing problems of the future as they have those of
"the past. I believe that as the bright noonday sun is only
"the fulfillment of the morning prophecy of its dawning
"splendor, so the accomplishments of our State today are
"the monuments of the hardy pioneers of yesterday. I
"believe that as the gorgeous tints of the sunset skies
"predict the coming of a bright tomorrow, the proud record
and accomplishments of South Dakota surely point
"to a State whose star shall outshine all others in the
"Flag of our Country."

REPRIEVES, COMMUTATIONS, PARDONS

The following is a complete list, in accordance with statutory provisions, of all remissions of fine, reprieves, commutations of sentence and pardons granted by the Executive during the past biennial period, in the cases in which he was by law authorized to act without the recommendation of the State Board of Pardons

H. VAN RUSCHEN, sentenced at the regular October, 1915, term of the Circuit Court for the County of Turner, for the crime of obtaining signature to a written instrument by means of false pretense; sentenced to pay a fine of \$100 and costs. Having carefully examined into the facts in this case and believing that the best interests of the defendant and of the State will be subserved, the fine was remitted and the defendant restored to full rights of citizenship, under date of February 5, 1917.

ROY GORDON, sentenced from Codington County for the crime of burglary in the third degree, for a term of one year and eight months, and was received at the penitentiary on the 27th day of September, 1916. Prior to the commission of the offense the prisoner had always led an exemplary life, his record at the penitentiary was clear, he was only nineteen years of age, and as the judge who imposed sentence and the state attorney who prosecuted the case had in writing recommended that a pardon be granted and in view of all the circumstances surrounding the case, a full pardon was granted under date of May 28, 1917.

WM. P. GRIFFITH, sentenced from Lyman County, having been convicted at the September, 1916, term of the Circuit Court for said county of the crime of forgery and sentenced to a term of one year in the penitentiary. The record of the prisoner while confined in the penitentiary being good, the board of Charities and Corrections having investigated the case and recommended in writing that he be pardoned owing to the extreme youth of the prisoner and they being familiar with the facts in connection with the case, a pardon was granted under date of December 24, 1917.

JOE TURNING BEAR, sentenced from the County of Mellette, at the August, 1917, term of circuit court, for the crime of grand larceny, sentenced to a term of one year and six months. Having carefully considered all the facts set forth in the case and finding them to be sufficient, a full pardon was granted under date of January 8, 1918.

PHOEBE VANDERWOLDEN, sentenced from Gregory County for the crime of adultery, having entered a plea of guilty at the Chambers of the Circuit Judge for the above county on the 26th day of February, 1916. The prisoner being a woman of middle age and prior to the commission of the offense for which she was

suffering punishment had apparently borne a good reputation, and upon investigation of the facts in connection with the case, a full pardon was granted under date of the 21st day of June, 1918.

FRANK L. BURNS, sentenced from the county of Bon Homme on the 13th day of July, 1917, for the crime of burglary, having been convicted in the Circuit Court for county, and sentenced to a term of two years. The record of the prisoner while in the penitentiary being clear and in view of the fact that his wife was in delicate health and in need of his support, and believing that his future conduct will be that of a good citizen, after carefully considering the recommendations made in the case, a full pardon was granted under date of August 1, 1918.

THOMAS BIGMANE, sentenced from the County of Corson by the Judge of the Circuit Court for the crime of grand larceny for a term of one year. As there was a misunderstanding at the time of the trial between the state officials and the Indian Department authorities, which resulted in the prisoner being sent to the state penitentiary instead of being given a suspended sentence as desired by the judge, and in view of the extreme youth of the prisoner, a full pardon was granted under date of August 3, 1918.

JOSEPH SNOW, sentenced from the County of Corson by the Judge of the Circuit Court for the crime of grand larceny for a term of one year. As there was a misunderstanding at the time of trial between the state officials and the Indian Department authorities, which resulted in the prisoner being sent to the state penitentiary, instead of being given a suspended sentence as desired by the judge, and in view of the extreme youth of the prisoner, a full pardon was granted under date of August 3, 1918.

ELMER WOLFE, sentenced from the County of Brown, having been convicted in the Circuit Court for said county for the crime of grand larceny and sentenced to a term of two years in the state penitentiary. Prisoner was but a youth, his prison record had been good, and in view of the facts surrounding the case, a full pardon was granted under date of August 13, 1918.